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June 28, 1993 JUN 28 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: Amendment of the Part 69  
Allocation of General Support  
Facility Costs

CC Docket No. 92-222

Dear Mr. Caton:

Enclosed herewith for filing with the Commission are the original and five copies of the National Exchange Carrier Association, Inc.'s Reply in the above-captioned matter.

Please acknowledge receipt hereof by affixing a notation on the duplicate copy of this letter furnished herewith for such purposes and remitting same to bearer.

Very truly yours,

*Joanne S. Bochis* *RAD*  
Joanne S. Bochis

JSB/bas  
Enclosures

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JUN 26 1995

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

National Exchange Carrier  
Association, Inc.

Tariff F.C.C. No. 5

) Transmittal No. 560

expenses among the Part 69 cost categories for exchange carriers (ECs).<sup>4</sup> As demonstrated below, the arguments presented by the petitioner are without merit and do not warrant suspension and investigation of NECA's tariff revisions.<sup>5</sup>

#### I. SUMMARY OF PETITION

In its Petition, AT&T claims that NECA's development of its

requisite rate changes in their individual T/S tariffs.

## II. DISCUSSION

### A. The Treatment of Average Schedule Revenue Requirements is Consistent with Commission Rules.

Sections 69.605 and 69.606 of the Commission's Rules direct NECA to develop Average Schedule formulas annually that produce disbursements for average schedule companies that simulate the disbursements that would be received by cost companies.<sup>9</sup> The process NECA uses to update these schedules each year relies on historical cost company results as a basis for schedule revisions to assure that the disbursements received by average schedule companies do, in fact, simulate disbursements that are received by cost companies.<sup>10</sup>

As required by Commission rules,<sup>11</sup> NECA made its 1993 Average Schedule Filing on December 31, 1992, five months prior to the issuance of the GSF Order. Thus, it was not feasible for NECA to anticipate the GSF reallocation or to obtain or simulate data in time for either the 1993 Average Schedule Filing or the June 17 Filing. The 1993 Average Schedule Filing is in compliance with Commission rules in effect on December 31, 1992. The Commission

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<sup>9</sup> 47 C.F.R. §§ 69.605 and 69.606.

<sup>10</sup> The process used to develop revisions to the Average Schedule formulas is fully described in NECA's Proposed Revisions to the Interstate Average Schedule Formulas, submitted December 31, 1992 (1993 Average Schedule Filing).

<sup>11</sup> See 47 C.F.R. § 69.606(b).

traditionally issues a separate order addressing NECA's proposed modifications to average schedule formulas.<sup>12</sup>

Following established time-lines, NECA incorporates rule changes in its December 31 annual filing of proposed modifications to the average schedules. This assures that changes are adopted in an orderly fashion and that formulas are properly targeted. In cases such as the instant GSF rule change, where total interstate access average schedule revenue requirements for companies in the pool are only minimally affected, it is reasonable for the next routine average schedule update to reflect it.

B. AT&T's CCL Rate and LTS Assumptions Are Incorrect

AT&T alleges that as a result of not reflecting the GSF Order for average schedule companies in its June 17 Filing, NECA has understated the CCL rates for its members, and overstated LTS. AT&T is incorrect on both counts. The CCL rate for the NECA pool participants is developed in accordance with section 69.105 of the Commission's rules,<sup>13</sup> and as such, requires NECA to use the weighted average of CCL prices of the price cap ECs to determine the pool CCL rates. NECA's June 17 Filing is in compliance with this requirement.<sup>14</sup>

Where the average schedule GSF related costs are assigned has

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<sup>12</sup> On June 28, 1993, the Commission accepted the 1993 Average Schedule Revisions as filed on December 31, 1992. See NECA's Proposed Revisions to the Average Schedules for 1993, Order, DA 93-714, released June 28, 1993.

<sup>13</sup> See 47 C.F.R. § 69.105.

<sup>14</sup> See June 17 Filing Description and Justification at 13-14 and Appendix 3, Exhibit 3.

an impact on the level of LTS, although not in the direction anticipated by AT&T. Had NECA been able to anticipate the impact of the GSF Order on average schedule companies and included it in the June 17 Filing, the pool CL revenue requirement would have been higher. As discussed above, the CCL rate is based on the weighted

C. NECA's Filing Includes the Revenue Requirements of Its Participants.

The revenue requirements filed by NECA in the June 17 Filing reflect the revenue requirements of its pools' participants. To the extent that a company not in the NECA T/S pool did not file revised T/S access charges with the Commission on June 17th, AT&T's complaint should be directed to that company. NECA has no authority concerning the T/S filings of non-pooling T/S companies.

III. CONCLUSION

This filing demonstrates that NECA's GSF rates are lawful and reasonable and should be allowed to remain in effect after July 2, 1993 without change. AT&T's Petition is without merit and should be denied.

Respectfully submitted,

NATIONAL EXCHANGE CARRIER  
ASSOCIATION, INC.

*James S. Borkin*

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Replies were served this 28th day of June, 1993, by mailing copies thereof by United States Mail, first class postage prepaid, to the persons listed.

By Susan Stocker  
Susan Stocker

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